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ABSTRACT

In fiscal year 1995, Head Start--the centerpiece of federal early childhood programs--was appropriated $3.5 billion to provide a range of services to eligible, preschool-aged children from low-income families. Since 1990, Congress increased funding for Head Start by 135 percent to allow more children the opportunity to participate and to improve the quality of Head Start services. During this period of growth, virtually all program funds were awarded to grantees. However, some Head Start grantees, as expected, did not spend all of their program funds and carried these unspent funds forward for use in subsequent years. This report to Congress specifies (1) the amount of Head Start funding unspent by program grantees at the end of grantee budget years 1992, 1993, and 1994, and the reasons for these unspent funds; (2) the proportion of carryover funds that was added to grantee awards that offset grantee awards in subsequent years; (3) the proportion of carryover funds that are one or more grantee budget years old; and (4) the grantees' intended use of carryover funds. Appendix 1 discusses the scope and methodology of the study. Appendix 2 lists Head Start grantees included in the representative sample. Appendix 3 lists GAO contacts and staff acknowledgement. Contains 12 figures and 2 tables. (DR)

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United States General Accounting Office

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Report to the Chairman, Committee on the Budget, House of Representatives

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December 1995

HEAD START

Information on Federal Funds Unspent by Program Grantees

ED 394 657

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GAO

United States
General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services Division

B-261919

December 29, 1995

The Honorable John R. Kasich
Chairman, Committee on the Budget
House of Representatives

Dear Mr. Chairman:

In fiscal year 1995, Head Start—the centerpiece of federal early childhood programs—was appropriated $3.5 billion to provide a range of services to eligible, preschool-aged children from low-income families.[1] Currently, about 1,400 local agencies, known as grantees, sponsor these programs and serve 752,000 children. Local programs provide education, nutrition, health, and social services to low-income children and opportunities for parental involvement and enrichment.

Since 1990, the Congress has increased funding for Head Start 135 percent (in current dollars) to allow more children the opportunity to participate and to improve the quality of Head Start services. During this period of growth, virtually all program funds were awarded to grantees. However, some Head Start grantees, as expected, (1) did not spend all of the program funds awarded them each year to conduct local program activities and (2) carried these unspent funds forward for use in subsequent years.[2]

This report responds to your request for us to determine

- the amount of Head Start funding unspent by program grantees at the end of grantee budget years 1992, 1993, and 1994 and the reasons for these unspent funds;[3]
- the proportion of carryover funds that was added to grantee awards or that offset grantee awards in subsequent years;
- the proportion of carryover funds that are 1 or more grantee budget years old; and

[1]Although Head Start is authorized to serve children at any age before the age of compulsory school attendance, most children enter the program at age four.

[2]Unspent funds are the remainder of a grantee's Head Start award—a federal obligation—that are unexpended or uncommitted by the grantee at the end of its budget year. In other words, unspent funds are the difference between a Head Start grantee's total federal award and the amount spent by the grantee during its budget year.

[3]According to Head Start, a grantee budget year (1) is usually 12 months long but may be shorter or longer, if appropriate, and (2) does not always correspond with the federal fiscal year, which begins on October 1 and ends on September 30. We used this term to differentiate between the federal fiscal year in which the award was made.

- the grantees' intended use of carryover funds.

To gather information about the extent and intended use of Head Start grantees' carryover funds in grantee budget years ending 1992 through 1995, we drew a nationally representative sample of 108 grantee files. We subsequently examined key documents in these grantees' files maintained at Head Start's Atlanta, Chicago, Dallas, Denver, and New York regional offices. We discussed the information we collected with Department of Health and Human Services (HHS) officials at headquarters and the field offices. We did not independently verify the accuracy of the data in the grantee files. Finally, we analyzed and weighted the data from 107 grantees and projected the results to a universe of 1,197 Head Start grantees in 1994.[4]

Our universe of 1,197 grantees did not include 135 grantees that operate programs for Native American and migrant children; 69 grantees in existence less than 3 years; and 4 grantees with fiscal year 1994 awards of $60 million or greater. Our review was not designed to (1) determine whether program grantees actually used carryover funds for the purposes intended or (2) uncover program abuses, such as fraud or mismanagement. (See app. I for a full description of our methodology.)

Results in Brief

About two-thirds of the 1,197 Head Start grantees included in our study had unspent balances at the end of each grantee budget year from 1992 through 1994. The average amount of the unspent balances increased from about $69,000 to $177,000 during the 3-year period and ranged from as little as $2 to $2 million. This represented about 4 to 6 percent of all grantees' total awards in the aggregate. Most of the unspent balances resulted from (1) small differences between grantees' budget estimates and actual expenditures; (2) problems related to building or renovating Head Start centers, which delayed planned expenditures; and (3) the inability of grantees to spend their awards because HHS disbursed certain types of funding (for example, program expansion funds) late in a grantee's budget year.

In grantee budget year 1994, a larger proportion of Head Start carryover funding was added to grantee awards than was used to offset grantee awards. About one-half of all carryover funds in grantee budget year 1993

[4]Our national estimates are based on data from 107 instead of the 108 grantees in our sample because 1 grantee with a fiscal year 1994 award of more than $60 million was excluded. This grantee's inclusion in our analysis would have diminished the precision of our estimates. For further information, see appendix I.

and about three-fourths in grantee budget year 1994 were added to grantee awards in subsequent budget years. About one-half and one-fourth of carryover funds in grantee budget years 1993 and 1994, respectively, offset grantee awards. Data were incomplete for grantee budget year 1995.

Our analysis of data for both grantee budget years 1993 and 1994 showed that Head Start regional offices either added to or offset from about 70 to 90 percent of grantee awards with carryover funds within 2 grantee budget years after an unspent balance occurred. However, the remaining proportion of carryover funds used to offset grantee awards was 3 or more years old. Head Start regional office officials primarily cited administrative reasons—such as delays in data entry or grantee errors—for not offsetting these carryover funds sooner.

According to grantee files, carryover funds were added to grantee awards in grantee budget years 1993 and 1994 combined to expand Head Start enrollments (40 percent) and build or renovate facilities (37 percent)—activities that are often not completed by grantees in a single year. Information in the grantee files also indicated that an additional 23 percent of funds carried over were to be used for capital equipment, supplies, and other purposes such as staff training.

Background

Head Start is administered by HHS' Administration for Children and Families (ACF). Services are provided at the local level by public and private nonprofit agencies that receive their funding directly from HHS. These agencies include public and private school systems, community action agencies, government agencies, and Indian tribes. Grantees may contract with one or more other public or private nonprofit organizations—commonly referred to as delegate agencies—in the community to run all or part of their local Head Start programs. Grantees may choose to provide center-based programs, home-based programs, or a combination of both.

Once approved for funding as a result of a competitive application process, Head Start grantees do not compete for funding in succeeding years. However, they are required to submit applications for continuation awards (hereafter called awards) to support their programs beyond the initial grantee budget year. After Head Start receives its annual appropriation from the Congress, the respective HHS regional offices make awards to grantees in their administrative service areas at the beginning of each grantee's budget year as shown in table 1.

Table 1: Head Start Grantees Receive 100 Percent of Continuation Awards Throughout the Federal Fiscal Year

Grantees with budget years beginning in—	Quarter of federal fiscal year in which funds are disbursed
October, November, December, and January	First quarter (October - December)
February, March, April	Second quarter (January - March)
May, June, July	Third quarter (April - June)
August and September	Fourth quarter (July - September)

Grantees use their awards for the following purposes, among others, to:

- purchase or rent a facility if providing a center-based program;
- hire qualified teachers, aides, and support staff;
- coordinate or contract with Public Health agencies and local health providers to deliver medical and dental services;
- buy or lease vehicles to transport children to Head Start centers;
- purchase utilities, services, and supplies needed to operate a center and administer the program; and
- comply with program standards and local building and health codes that ensure quality and safety.

During a grantee budget year, grantees may also receive supplemental awards for specific purposes (such as expanding enrollment) or to cover normal, though sometimes unexpected, expenses such as repairing a roof or purchasing a new heating system. In addition, grantee accounts may be adjusted as the result of a routine financial audit or Head Start regional office review of grantees' files. These activities sometimes identify unspent funds that the grantee did not report due to an error or oversight. HHS requires grantees to get their Head Start accounts audited every 2 years, though many grantees hire accountants to perform an audit every year.

As shown in figure 1, grantees, as expected, may not necessarily spend all of their award by the end of their budget year. HHS permits grantees to carry over unspent funds into the next grantee budget year to complete any program objectives that remain unmet from the previous year.[5] HHS regional offices generally handle carryover funds in two ways:

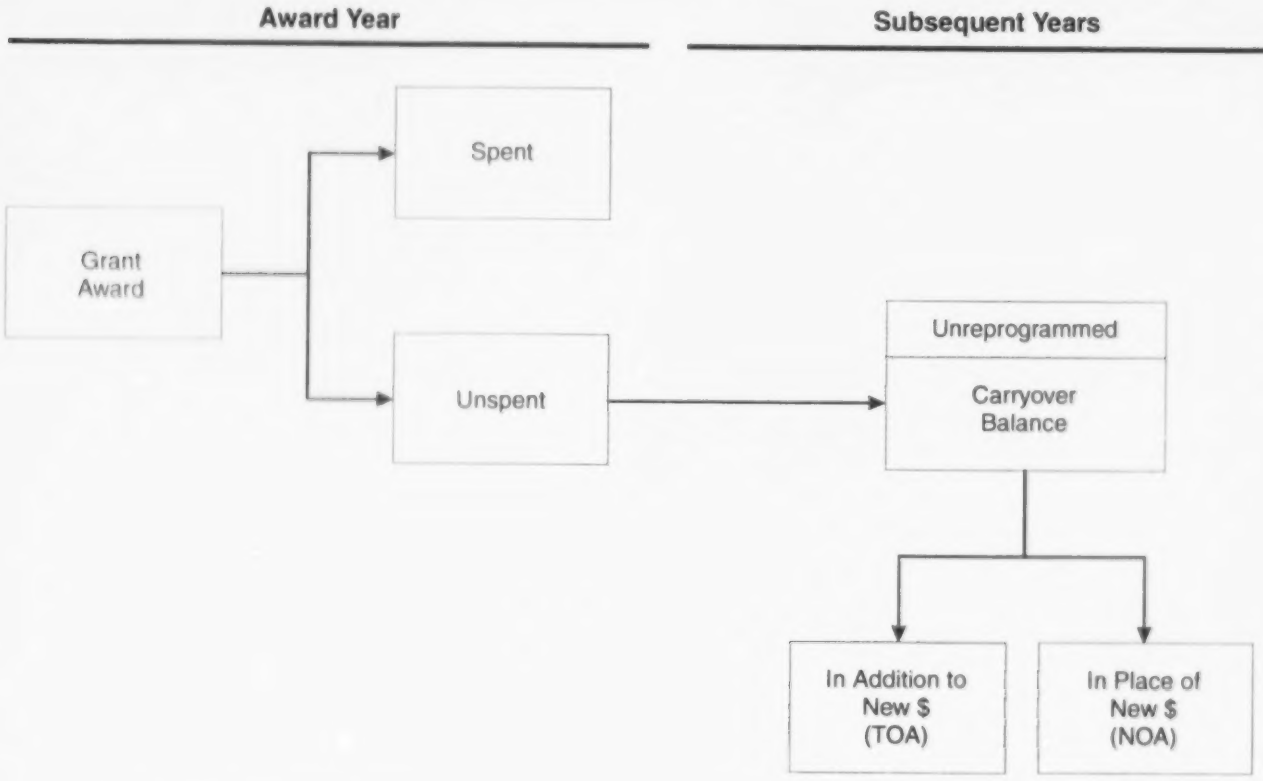
[5]Sometimes, anticipating an expenditure, regional offices may prohibit a grantee from spending the entire carryover balance immediately. This earmarked or "unreprogrammed" portion of a carryover balance is suspended in the grantee's account and may be made available eventually to the grantee when needed.

1. Carryover balances from a previous year or years are added to an award that a grantee receives in a subsequent year. This procedure is known as "reprogramming" funds, and the amount of carryover funds added to a grantee's award is called total obligating authority (TOA).

2. Carryover balances from a previous year or years offset or reduce the award that a grantee receives in a subsequent year. This procedure is known as "offsetting" funds, and the amount of carryover deducted from the award is called new obligating authority (NOA).[6]

[6]According to the ACF Discretionary Grants Administration Manual, HHS regional offices can also withdraw the obligating authority of a grantee with a carryover balance and refund to the federal government any cash that has already been transferred to the grantee. We did not find any instances in our sample of 108 grantee files in which HHS used this option to handle carryover balances during the 3 years we examined.

Figure 1: Grantees May Not Spend All Funds When Initially Awarded



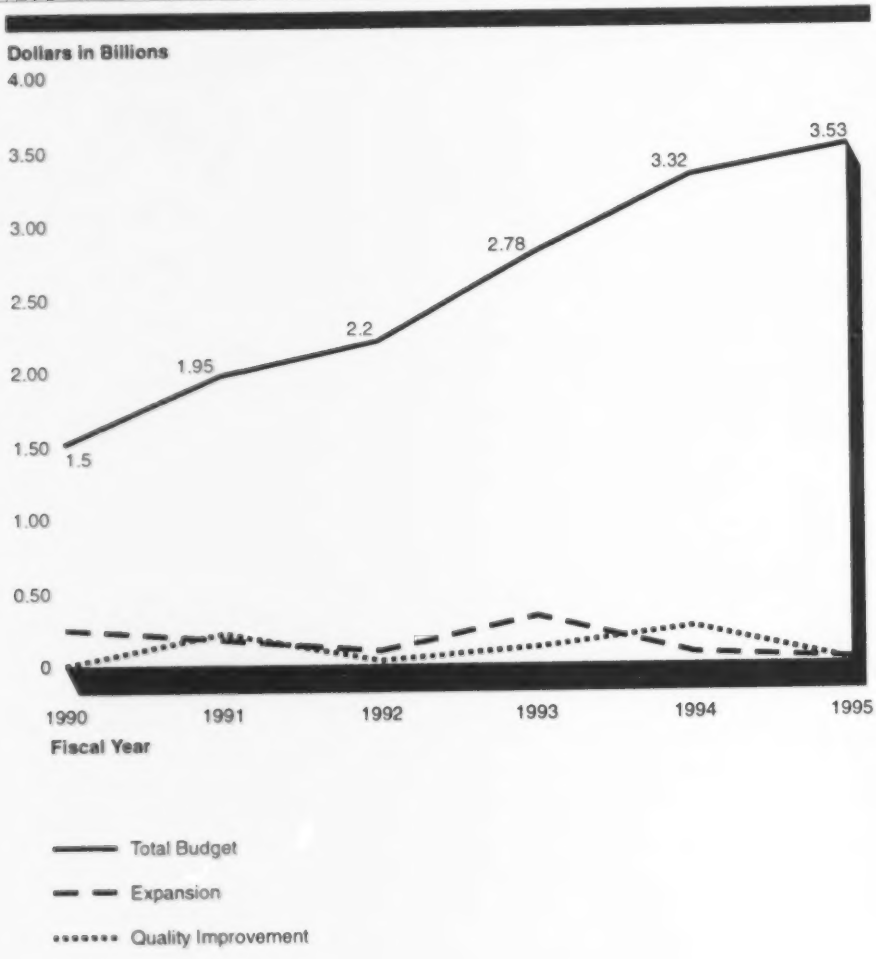
Funding Increases Had No Impact on HHS' Ability to Disburse Awards

The growth in Head Start funding since 1990 (see fig. 2) reflects the federal government's commitment to expanding the number of children in the program and to ensuring program quality.[7] Overall program funding increased from about $1.5 billion in fiscal year 1990 to about $3.5 billion in fiscal year 1995. Twice in fiscal year 1990 and once each in fiscal years 1991, 1992, and 1993, the Congress appropriated additional funding for Head Start to, among other things, increase local enrollments, strengthen the program's social, health, and parent involvement components; improve services for disabled children; initiate and improve literacy programs; and enhance salaries, benefits, training, and technical assistance for program

[7]In 1994, 40 percent of eligible 3- and 4-year-olds participated in local Head Start programs.

staff. ACF allocated these expansion funds on the basis of a formula as required by statute.[8]

Figure 2: Head Start Funding Increased Significantly Between 1990 and 1995 (in Current Year Dollars)



Despite this dramatic growth in Head Start appropriations, HHS warded virtually all program funding to eligible grantees. Head Start's program

[8]Eighty-seven percent of all Head Start funding except carryover is allocated by state on the basis of the number of children in each state who are (1) age 5 and younger and living with low-income families (2) and age 18 and younger and in families receiving Aid to Families With Dependent Children. See 42 U.S.C. Sec. 9835 (a)(4) (1993).

obligation rates for each of these years stayed at or above 99 percent, while the total number of grantees increased from 1,321 in fiscal year 1990 to about 1,400 in fiscal year 1994. Overall program outlay rates (that is, the ratio of outlays to budget authority) during this period indicate that outlays remained stable as grantees received infusions of Head Start expansion or quality improvement funding. However, at the grantee level, this funding growth increased grantee awards and unspent balances for the grantees included in our universe during the grantee budget years we examined.

Grantee Awards and Unspent Balances Increased in Recent Years

We found that total grantee awards for the 1,197 Head Start grantees covered by our review increased from $1.4 billion to $2.3 billion from grantee budget years 1992 through 1994, while mean awards rose from $1.2 million to $1.9 million in these same years. (See table 2.)

Table 2: Unspent Balances of Head Start Grantees Rose (Grantee Budget Years 1992-94)

Grantee budget year	Total award (dollars in billions)	Total unspent balance (dollars in millions)	Mean unspent balance	Unspent balances ranged from—
1992	$1.4	$54	$69,000	$17 to $1.3 million
1993	1.8	101	133,000	2 to 2.4 million
1994	2.2	130	177,000	22 to 1.7 million

During grantee budget years 1992, 1993, and 1994—a period of intense growth—about two-thirds of the 1,197 grantees had unspent balances at the end of each budget year. Almost 40 percent of these 1,197 grantees had unspent balances every year. As shown in table 2, these balances totaled approximately $54 million, $101 million, and $130 million, in grantee budget years 1992, 1993, and 1994, respectively, and varied greatly by grantee.

However, these unspent balances were a small part of grantees' total awards. On the basis of our analysis, unspent balances represented from about 5 to 8 percent of the award for those grantees with unspent balances and from 4 to 6 percent of total awards for all grantees in the aggregate.

(See app. II for the reported unspent balances of the 108 grantees included in our sample.)

Why Do Unspent Balances Occur?

Unspent balances resulted from (1) small differences between the amount of a grantee's annual award and its actual expenditures at the end of its grantee budget year, (2) situations that delay a grantee's expenditure of funds or that hamper a grantee's ability to spend funds before the year's end, and (3) a combination of these and other reasons.[9]

Small Budget Variances

We found that almost two-thirds of grantees in grantee budget year 1992 and about half in grantee budget years 1993 and 1994 had small differences between their total award approved at the beginning of a grantee budget year and the amount spent at year's end. We considered these spending variances small if the amount of unspent funds was 5 percent or less of a grantee's award in a given year. These small budget variances could have occurred because, for example, (1) grantees' projected budgets—upon which grant awards are based—did not equal their actual expenditures or (2) grantees did not purchase an item or service as originally planned. For example, a grantee in Ohio had ordered two buses and playground equipment for its Head Start center. However, these items were not delivered nor paid for before the grantee's budget year ended, resulting in an unspent balance of $84,762.

Timing Issues

We found that from 10 to 24 percent of grantees with unspent balances in grantee budget years 1992 through 1994 (1) had problems renovating or building a center, which delayed planned expenditures until subsequent years, or (2) received additional funding late in a grantee budget year, making it difficult for grantees to spend all of their funds before year's end. For example, a Head Start grantee in Colorado received funding to increase its program enrollment in early September 1991—about 2 months before the grantee's budget year was to end on October 30. Due to the short time remaining, the grantee could not spend $89,980 of the amount awarded for expanding program enrollment. This same grantee had agreed verbally with a private company to prepare a site so that the grantee could place a modular unit on it to serve as a Head Start center. Site preparation would have involved establishing water, sewer, gas, and electrical hookups at the site. Before any work began, however, new owners took over the company and did not honor the verbal agreement between the

[9]In some cases, we could not determine why grantees had unspent balances.

grantee and the previous owner. It took the grantee 2 years to find another site suitable for the center, and that facility required extensive renovations.

HHS' Office of Inspector General reported in 1991 and 1993 that acquiring adequate, affordable space was a major problem for Head Start grantees attempting to expand program enrollments. Grantees told the Inspector General's office that it can take up to a year to find suitable space that then may have to be renovated. Strict construction licensing requirements and delays in license approval could also slow spending for center construction or renovation. The Inspector General reported that space problems were most prevalent among grantees funded to increase enrollment by more than 200 children.[10] The grantees believed that being notified at least 6 months in advance of funding disbursements would help to alleviate this problem.

Head Start grantees interviewed by the Inspector General's staff also said that receiving expansion funding late in the budget year results in carryover fund balances. After expansion, more than twice as many grantees interviewed had carryover balances of over $50,000. Many grantees believe that even with adequate lead time large expansions should not occur annually.

Other Reasons

According to the grantee files we reviewed, unspent balances sometimes occurred for reasons other than small budget variances or timing issues. On the basis of information included in grantee files and discussions with regional office program officials, we found, for example, that unspent balances occurred because grantees

- experienced accounting or management problems during 1 or more years,
- depended on large government bureaucracies, such as New York City's, to provide certain goods and services, which often slowed program expenditures; or
- assumed the program operations and accounts of a former grantee.

Also, unspent balances may have occurred for a combination of reasons described above. In other cases we could not determine the reason for grantees' unspent balances on the basis of file information or discussions with Head Start regional office officials.

[10]Readiness To Expand Head Start Enrollment (OEI-02-91-00741) HHS Office of Inspector General (Washington, D.C.: Aug. 1991) and Head Start Expansion: Grantee Experiences (OEI-09-91-00760) HHS Office of Inspector General (Washington, D.C.: May 1993).

Larger Proportion of Carryover Funds Added to Grantee Awards in Grantee Budget Year 1994

Unspent balances occur when a grantee's total award differs from the amount the grantee spent during its budget year. As previously stated, these unspent funds may be carried over into a subsequent grantee budget year. For our analysis, we defined carryover funds as any unspent funds used to either offset or add to a grantee's award during a subsequent budget year. Carryover funds are not always added to or offset in the year immediately following the year the unspent funds occurred. For example, a grantee in Florida with $45,913 in unspent funds in grantee budget year 1992 did not have this amount totally added to or offset as carryover funds in grantee budget year 1993. In fact, $45,759 was added to its budget year 1993 award and the remaining $154 was used to offset the grantee's budget year 1994 award. A grantee in Minnesota, on the other hand, had $3,840 from grantee budget year 1993 added to its budget year 1995 award. Yet, a Michigan grantee had its entire grantee budget year 1992 unspent balance of $1,568 offset as carryover funds in 1993.

On the basis of our analysis of grantee files, we found that in grantee budget year 1993 HHS added about half of all carryover funds to grantees' awards as TOA and the remaining proportion of carryover funds was offset as NOA. Of the grantees in our sample with TOA in grantee budget year 1993, the unspent funds added to grantee awards ranged from $10,900 to $533,500 and averaged approximately $96,000. If we had included the grantee representing New York City in our calculation, the upper end of this range would have been about $4.2 million. NOA for the same period ranged from $59 to $664,700 and averaged about $39,000.

In grantee budget year 1994, we found that about three-fourths of carryover funding was added to awards as TOA, and the remainder was offset as NOA. Of the grantees in our sample with TOA in grantee budget year 1994, the amount of unspent funds added to grantee awards ranged from $3,200 to $2.4 million and averaged about $197,400. NOA for the same period ranged from $17 to $621,000 and averaged approximately $58,600. This trend appears to continue in grantee budget year 1995, though data for this year were incomplete when we performed our final calculations in October 1995.

Most Carryover Funds Are Reprogrammed or Offset Within 2 Grantee Budget Years

We found that HHS generally adds to or offsets grantee carryover funds within 2 grantee budget years after an unspent balance occurs. For example, for both grantee budget years 1993 and 1994, we found that

- about 90 percent of carryover funds added to grantee awards was 1 year old, and the remainder was from 2 to 3 years old; and
- from about 70 to 90 percent of carryover funds offsetting grantee awards was from 1 to 2 years old, and the remainder was 3 or more years old.[11]

Because Head Start carryover funds are generally spent in 2 grantee budget years but are available for up to 5 fiscal years following the fiscal year in which they are initially awarded (31 U.S.C., sec. 1552(a)), we asked Head Start regional office officials why certain carryover balances were reprogrammed or offset as long as 3 or more years after an unspent balance occurred. Regional office officials gave the following administrative and grantee-specific reasons:

- Regional office staff may not process grantee files in a timely manner due to grantee or staff errors, delays in data entry, staff turnover, large workloads, and differences in staff competence.
- Final forms documenting carryover balances are not due from grantees until 90 days after the budget year's end. Incorrect carryover balances may not be caught immediately because independent auditors may take up to 13 months to complete an audit of a grantee's program accounts for a given year.
- Actions, such as reprogramming or offsetting carryover balances, could be suspended if a grantee appeals an HHS decision to disallow funding.
- A grantee's bankruptcy proceedings delayed a regional office from offsetting certain carryover funds.

Intended Use of Carryover Balances Reportedly for Expansion and Facilities

For grantee budget years 1993 and 1994 combined, we estimated that carryover funds totaled $139 million. Of this amount, carryover funds added to grantee awards (TOA) totaled $97 million and those offsetting grantee awards (NOA) totaled $42 million. We focused our analysis of intended use on the TOA portion because NOA has no identifiable intended purpose.

On the basis of our review of Head Start grantee files, the intended use of a large proportion of Head Start carryover funds from grantee budget years 1993 and 1994 combined was to be used for expanding program

[11]HHS officials told us that, at the program level, about 40 percent of all Head Start funding is outlayed by the end of the federal fiscal year in which it is awarded; about 95 percent is outlayed by the end of the second year; and about 99 percent is outlayed by the end of the third year.

enrollments and renovating or buying facilities.[12] Of the $97 million of TOA carryover funds, the intended use of 40 percent of these funds was for expansion and 37 percent was for facilities. Data from the files indicated that about 23 percent of the total TOA for these years was reportedly to be used for capital equipment, supplies, and other purposes such as staff training and moving expenses. Data were incomplete for grantee budget year 1995.

We found that grantees in our sample with TOA in grantee budget years 1993 and 1994 combined to be used for facilities ranged from $901 to $611,000 and averaged approximately $116,000. TOA reportedly to be used for expansion ranged from $4,200 to $2.4 million and averaged about $296,000.

In summary, although overall program outlay rates remained stable during a period of intense program growth (fiscal years 1990-95), Head Start grantees accrued increasingly larger average unspent balances in grantee budget years 1992 through 1994. Depending on the size of grantees' awards, their reported unspent balances in those years ranged from as little as $2 to about $2 million. On the basis of Head Start files, we determined in most cases that these unspent balances resulted from (1) small differences between grantees' budget estimates and actual expenditures; (2) grantee problems renovating or constructing facilities, which delayed planned expenditures; and (3) the receipt of supplemental funding by grantees late in their budget year, which made it difficult for grantees to spend their funds before year's end. Of the unspent funds added to grantee awards in budget years 1993 and 1994 combined, we found that grantees planned to use these dollars for increasing local program enrollments and buying or improving program facilities—activities that grantees often do not complete in a single year.

As arranged with your office, we will make copies available to the Secretary of Health and Human Services and other interested parties. We will also make copies available to others on request.

[12]Here we combined data from the two budget years to increase the precision of our estimate. (See app. I for a discussion of sampling errors.)

Please contact Fred E. Yohey, Assistant Director, on (202) 512-7218 or Karen A. Whiten, Evaluator-in-Charge, if you or your staff have any questions. Other GAO contributors to this report are listed in appendix III.

Sincerely yours,

Linda G. Morra

Linda G. Morra
Director, Education
and Employment Issues

Contents

Letter		1
Appendix I Scope and Methodology		18
	Data Collection Strategy	18
	Methodology Limitations	24
Appendix II Head Start Grantees Included in Our Representative Sample		25
Appendix III GAO Contacts and Staff Acknowledgments		33
Tables	Table 1: Head Start Grantees Receive 100 Percent of Continuation Awards Throughout the Federal Fiscal Year	4
	Table 2: Unspent Balances of Head Start Grantees Rose	8
	Table I.1: Head Start Regions Stratified by New Funding Awards	19
	Table I.2: Regions Included in GAO Sample	19
	Table I.3: Distribution of Population and Sample of Grantees by Amount of New Funding Received in Fiscal Year 1994	20
	Table I.4: Sampling Errors for Dollar Estimates	22
	Table I.5: Sampling Errors for Estimates of Proportions	23
	Table II.1: Region 4—Atlanta	25
	Table II.2: Region 5—Chicago	26
	Table II.3: Region 6—Dallas	28
	Table II.4: Region 8—Denver	30
	Table II.5: Region 2—New York	31
Figures	Figure 1: Grantees May Not Spend All Funds When Initially Awarded	6
	Figure 2: Head Start Funding Increased Significantly Between 1990 and 1995	7

Abbreviations

ACF	Administration for Children and Families
HHS	Department of Health and Human Services
NOA	new obligating authority
TOA	total obligating authority

Scope and Methodology

We designed our study to collect information about the extent and nature of Head Start carryover funds. To do so, we visited a sample of Head Start regional offices and examined key documents in selected grantee files. Results are generalizable to Head Start grantees that (1) were at least 3 years old in 1994, (2) had at least some but less than $60 million in new funding in 1994, and (3) were located in 10 of the 12 Head Start regions. Our work was performed between June and October 1995 in accordance with generally accepted government auditing standards.

Data Collection Strategy

We reviewed grantee files for a nationally representative sample of Head Start grantees. We focused our efforts on grantee budget years that ended in 1992 through 1995, examining file documents at selected Head Start regional offices.

Sample Design

To generate national estimates, we employed a two-stage cluster sampling strategy. The Head Start regions constituted the first stage of the sample. Of the 12 Head Start regions, 2 are operated from the Department of Health and Human Services headquarters in Washington, D.C.—1 for Native Americans and the other for migrant workers. Because these regional offices share a unique relationship with headquarters, they were not included in the regions to be sampled. We organized the 10 remaining regions by the amount of grantee new funding received in federal fiscal year 1994,[13] separating them into three groups or strata: regions with new funding of $500 million or more; regions with new funding of $200 to $499 million; and regions with new funding of less than $200 million. Table I.1 shows our population of regions.

[13]New funds are Head Start funds other than carryover funds that grantees received.

Table I.1: Head Start Regions Stratified by New Funding Awards (Fiscal Year 1994)

Amount of new funding received in fiscal year 1994 (dollars in millions)	Region	Total fiscal year 1994 new funding (dollars in millions)	Total number of grantees
$500 or more	4—Atlanta	$570	239
	5—Chicago	532	213
$200 to 499	9—San Francisco	441	82
	2—New York	421	104
	6—Dallas	385	176
	3—Philadelphia	250	149
Less than $200	1—Boston	118	84
	7—Kansas City	116	76
	10—Seattle	89	69
	8—Denver	78	78

We then selected a sample of regions in each strata using a random number generator program. Table I.2 shows the regions selected in our sample.

Table I.2: Regions Included in GAO Sample

Amount of new funding received in fiscal year 1994 (dollars in millions)	Region	Total fiscal year 1994 new funding (dollars in millions)
$500 or more	4—Atlanta	$570
	5—Chicago	532
$200 to $499	2—New York	421
	6—Dallas	385
Less than $200	8—Denver	78

Stage two of the sample consisted of individual Head Start grantees. Head Start had 1,270 grantees in the 10 regions in fiscal year 1994. Because we were reviewing 2 to 3 years of data, we excluded any grantee not in existence at least 3 years. We also excluded all grantees with no new funding in fiscal year 1994. This reduced the number of grantees in our population to 1,201.

We organized grantees in our sample regions by fiscal year 1994 new funding and put them into four strata: those with fiscal year 1994 new funding of less than $1 million; those with $1 million or more but less than $3 million; those with $3 million or more but less than $5 million; and those with $5 million or more. We then selected a random sample of

grantees in each strata. Table I.3 shows the distribution of grantees by strata of our population and sample.

Table I.3: Distribution of Population and Sample of Grantees by Amount of New Funding Received in Fiscal Year 1994

Amount of new funding received in fiscal year 1994 (dollars in millions)	Population size	Number in sample regions	Sample size
Less than $1	411	243	34
$1 to less than $3	567	375	44
$3 to less than $5	121	83	15
$5 or more	102	68	15
Total grantees	**1,201**	**769**	**108**

Once the fieldwork was completed and records evaluated, we determined that one very large grantee with fiscal year 1994 new funding of $60 million or more was, because of its complexity, unique and required special handling. Therefore, we set aside this one grantee—The City of New York Human Resources Administration, Agency for Child Development. We did not include data collected from this site in our overall estimates but used the data as a case study of a very large grantee. By eliminating the very large grantees, we reduced our population further by 4 grantees to 1,197, thereby reducing our sample from 108 to 107 grantees. Our findings, therefore, are representative of grantees in the 10 Head Start regions that are at least 3 years old with at least some but less than $60 million in fiscal year 1994 new funding.

Fieldwork

We provided the list of sample grantees to each selected regional office, which collected records for our review. We examined key documents from the files and summarized the information using a data collection instrument.[14] Data elements we collected included the number of service years for a selected grantee; total federal funds authorized for specific funding periods; the unspent balance of federal funds for specific funding periods and its intended usage; and the amount of carryover funds added to or offsetting grantee awards in grantee budget years 1993, 1994, and 1995 by type and source year. To link source year with carryover funds, we gathered information from the Financial Assistance Award form, which identifies the grantee service year in which the unspent funds occurred.

Once data collection was complete, we compiled and merged the data. Data elements were verified and traced to documents maintained in the

[14]Key documents include the HHS form called the Financial Assistance Award, Standard Form 269: Financial Status Report, and supporting HHS and grantee correspondence found in grantees' files.

grantee files for 91 percent of the cases. We then computed weights to produce national estimates from our sample and calculated analytic variables. To calculate the age of carryover funds, we subtracted the source year from the grantee's current service year.

The Head Start grantee funding process presented unique data collection challenges. We made no attempt to capture the fiscal year funding. Rather, we used each grantee's budget year ending date to guide our compilation of financial data.

Sampling Errors

Because our analysis is based on data from a sample of grantees, each reported estimate has an associated sampling error. The size of the sampling error reflects the estimate's precision; the smaller the error, the more precise the estimate. The magnitude of the sampling error depends largely on the size of the obtained sample and the amount of data variability. Our sampling errors for the estimates were calculated at the 95-percent confidence level. This means that in 95 out of 100 instances, the sampling procedure we used would produce a confidence interval[15] containing the population value we are estimating.

Some sampling errors for our dollar estimates are relatively high because dollar amounts vary substantially. Sampling errors also tend to be higher for those estimates based on a subset of sample cases. For example, estimates of the mean and total amounts of grantee unspent balances are based on fewer than the 107 grantees in our sample and have large sampling errors. Therefore, these estimates must be used with extreme caution. For a complete list of sampling errors for dollar estimates and proportions in this report, see tables I.4 and I.5, respectively.

[15]"Confidence interval" is another term for the range defined by the sampling error.

Table I.4: Sampling Errors for Dollar Estimates (Grantee Budget Years 1992-94)

	Point estimate	Sampling error	Number of sample grantees contributing to estimate
1992 Grant awards			
Mean	$1,237,902	+/-$82,904103	
Total	$1,422,959,424	+/-$98,912,337	103
1993 Grant awards			
Mean	$1,531,698	+/-$102,334	
Total	$1,819,803,471	+/-$123,885,671	106
1994 Grant awards			
Mean	$1,899,588	+/-$102,618	
Total	$2,273,375,524	+/-$122,810,684	107
1992 Unspent balance			
Mean	$69,052	+/-$19,304	
Total	$54,286,803	+/-$15,412,760	74
1993 Unspent balance			
Mean	$132,878	+/-$41,297	
Total	$100,643,570	+/-$32,225,320	69
1994 Unspent balance			
Mean	$176,716	+/-$36,568	
Total	$129,902,350	+/-$27,732,575	66
1993/1994 Combined carryover balance			
	$139,195,654	+/-$34,592,412	78
1993/1994 Carryover funds offsetting grantee awards (NOA)			
Mean	$61,162	+/-$25,705	
Total	$42,233,407	+/-$18,371,913	61
1993/1994 Carryover funds added to grantee awards (TOA)			
Mean	$210,283	+/-$58,410	
Total	$96,962,247	+/-$28,660,860	44

Table I.5: Sampling Errors for Estimates of Proportions (Grantee Budget Years 1992-94)

Estimated proportion (percent)	Sampling error (percentage points)	Number of cases contributing to estimate
Grantees with unspent balances		
1992—68	+/-7	102
1993—64	+/-7	105
1994—62	+/-7	106
Grantees with unspent balances all 3 years		
1992-94—39	+/-7	107
Unspent balances as a percent of total		
1992—4	+/-1	101
1993—6	+/-2	105
1994—6	+/-1	106
Amount of unspent as a percent of award		
1992—5	+/-1	73
1993—8	+/-2	69
1994—8	+/-1	66
Unspent balances due to small budget variances		
1992—65	+/-8	74
1993—50	+/-9	69
1994—53	+/-9	66
Unspent balances due to timing issues		
1992—10	+/-5	74
1993—20	+/-7	69
1994—24	+/-7	66
Unspent balances due to other reasons		
1992—8	+/-4	74
1993—20	+/-6	69
1994—13	+/-6	66
Unspent balances due to unknown reasons		
1992—17	+/-7	74
1993—10	+/-6	69
1994—10	+/-6	66
Carryover as NOA		
1993—45	+/-18	57
1994—24	+/-11	59
Carryover as TOA		
1993—55	+/-18	57
1994—76	+/-11	59
Age of 1993 TOA		
1 year old—94	+/-7	25

(continued)

Estimated proportion (percent)	Sampling error (percentage points)	Number of cases contributing to estimate
Age of 1994 TOA		
1 year old—89	+/-7	34
Age of 1993 NOA		
1 to 2 years old—89	+/-9	40
Age of 1994 NOA		
1 to 2 years old—72	+/-18	38
Intended use of 1993/1994 TOA		
Expansion—40	+/-19	44
Facilities—37	+/-13	44
Capital equipment, supplies, and other—23	+/-9	44

Methodology Limitations

Because we wanted to obtain general information about the extent and frequency of Head Start carryover funds, we limited our investigation to reviewing grantee records maintained at HHS' Atlanta, Chicago, Dallas, Denver, and New York regional offices. We gave officials at these regional offices an opportunity to review the accuracy of the data we collected and subsequently used to develop our estimates. We did not contact individual grantees to verify records nor did we visit grantee sites. We did not follow the flow of funds to determine if program abuses had occurred nor did we make any attempt to determine whether program grantees actually used the funds for the purposes intended.

Head Start Grantees Included in Our Representative Sample

Table II.1: Region 4—Atlanta

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
Blue Ridge Opportunity Commission, Inc./2524	North Wilkesboro, N.C.	$0	0	$0	0	$0	0
Breckenridge County Board of Education/2675	Hardinsburg, Ky.	122	<1	27,000	12	0	0
Broward County/0314	Fort Lauderdale, Fla.	159,216	4	604,471	11	591,693	8
CAA of Huntsville-Madison & Limestone Counties, Inc./0706	Huntsville, Ala.	152,236	11	78,170	5	19,445	1
Chesterfield-Marlboro Economic Opportunity Council, Inc./3204	Cheraw, S.C.	88,770	10	5,330	1	295,477	20
City of Chattanooga Department of Human Services/0047	Chattanooga, Tenn.	37,210	1	3,183	0	17,984	1
Community Service Programs of West Alabama/3409	Tuscaloosa, Ala.	0	0	0	0	228,398	8
DOP Consolidated Services/2516	Jacksonville, N.C.	35,733	2	34,835	2	80,733	4
Economic Opportunity for Savannah-Chatham County Area, Inc./0584	Savannah, Ga.	166,097	8	3,609	0	105,074	4
Hillsborough County Board of County Commissioners/3035	Tampa, Fla.	313,500	5	876,179	11	1,102,198	11
Jasper County Board of Education/4025	Monticello, Ga.	0	0	0	0	97,848	28
Martin County Community Action, Inc./3020	Williamston, N.C.	0	0	0	0	41,248	2
Mid-Florida Community Services/0316	Brooksville, Fla.	81,641	10	3,690	0	0	0
Montgomery Community Action Committee/3179	Montgomery, Ala.	12,430	<1	0	0	49,195	1
Northeast Florida/3053	Jacksonville, Fla.	403,740	6	938,247	12	233,004	3
Oldham County Board of Education/2614	La Grange, Ky.	6,520	4	8,266	4	27	<1
Pee Dee Community Action Agency/3056	Florence, S.C.	776	0	0	0	0	0
Polk County Opportunity Council, Inc./0199	Bartow, Fla.	45,913	3	569,643	29	536,462	14

(continued)

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
Putnam County Board of Education/4017	Eatonton, Ga.	206	0	0	0	0	0
Singing River/3219	Lucedale, Miss.	1,971	0	27,644	7	20,679	4
Sumter County Opportunity, Inc./3333	York, Ala.	84,880	7	201,050	14	125,465	8
Tallatoona Economic Opportunity Authority/3466	Cartersville, Ga.	6,985	1	87,980	6	14,068	1
Tri-County/0902	Bonifay, Fla.	0	0	0	0	0	0
United CAC/3230	Ashland, Miss.	19,309	4	55,134	7	25,992	3
Volusia County/3107	Deland, Fla.	0	0	5,186	0	0	0
Walker County Board of Education/0123	Jasper, Ala.	10,878	2	48,742	7	39,253	5

Table II.2: Region 5—Chicago

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
Akron-Summit Community Action Agency/0391	Akron, Ohio	$1,106	<1	$60,452	1	$186,490	3
Allen County School District/5369	Lima, Ohio	10,280	2	0	0	272,552	16
Area Five Agency on Aging and Community Services/4167	Logansport, Ind.	3,675	2	0	0	0	0
Branch Intermediate School District/4209	Coldwater, Mich.	21,250	4	0	0	0	0
Butler County School District/5445	Hamilton, Ohio	83,163	9	97,154	6	0	0
CAC of Fayette County/4221	Washington Court House, Ohio	12,926	7	7,771	2	19,406	3
Community Action Program Corporation of Washington-Morgan Counties/4042	Marietta, Ohio	21,242	4	23,101	3	0	0
CAP Services, Inc./4190	Stevens Point, Wis.	0	0	NA	NA	0	0
Catholic Charities Diocese of Joliet, Inc./1111	Joliet, Ill.	545,597	34	96,477	6	0	0
Child Development Council of Franklin County, Inc./6083	Columbus, Ohio	752	0	1,424,687	46	1,661,628	42

(continued)

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
City of Rockford Human Resources Department/4056	Rockford, Ill.	29,000	2	20,000	1	0	0
Cooperative Educational Service Agency #2/5508	Milton, Wis.	35,513	7	12,579	2	0	0
Coshocton County Head Start, Inc./5507	Coshocton, Ohio	0	0	0	0	0	0
Council for Economic Opportunities in Greater Cleveland/0197	Cleveland, Ohio	NA	NA	74,691	1	1,422,641	10
Eight Community Action Program, Inc./4183	Greenville, Mich.	107,764	6	81,057	4	56,690	2
FIVECAP, Inc./4161	Scottville, Mich.	1,568	<1	NA	NA	491	<1
Inter-County Community Council/4041	Oklee, Minn.	0	0	0	0	38,057	6
Michigan Family Resources/0115	Grand Rapids, Mich.	NA	NA	103,589	2	194,790	4
Northeast Michigan Community Service Agency/4329	Alpena, Mich.	145,483	3	2,191	<1	66,640	1
Ounce of Prevention/6100	Chicago, Ill.	127,492	4	110,918	3	787,447	16
Rock Walworth Comprehensive Family Services, Inc./4124	Janesville, Wis.	23,089	2	24,812	2	0	0
St. Clair County Economic Opportunity Committee/4016	Port Huron, Mich.	900	<1	65,064	6	0	0
SEMAC/4231	Rushford, Minn.	0	0	0	0	47,966	4
Southern Illinois University at Edwardsville/5228	East St. Louis, Ill.	70,915	NA	5,038	<1	2,187	<1
Stark County Community Action Agency/4022	Canton, Ohio	0	0	0	0	145,253	4
Three Rivers Community Action, Inc./4171	Zumbrota, Minn.	0	0	3,840	1	0	0
Tri-County Opportunities Council/4111	Rock Falls, Ill.	0	0	58,289	4	197,390 9	
Warren-Trumbell Community Service Agency/4005	Warren, Ohio	33,812	3	157,506	9	72,976	3

NA - Information not available

Table II.3: Region 6—Dallas

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
Child Development Council of Brazoria County/0017	Angleton, Tex.	$0	0	$689	0	$0	0
Community Action Council of South Texas/5025	Rio Grande City, Tex.	124,243	8	300,678	14	78,077	3
Community Action Program for Central Arkansas/5247	Conway, Ark.	1,817	<1	0	0	0	0
Community Organization for Poverty Elimination/0379	No. Little Rock, Ark.	34	<1	0	0	0	0
Day Care Association of Fort Worth & Tarrant County/0021	Fort Worth, Tex.	0	0	2,431,458	36	619,076	6
Detroit Independent School District/5170	Detroit, Tex.	0	0	0	0	0	0
East Carroll Parish Police Jury/0020	Lake Providence, La.	0	0	20,655	4	536	0
East Texas Family Services/0384	Jacksonville, Tex.	77	<1	72	<1	0	0
Hays Caldwell & Blanco Counties Community Action, Inc./5185	San Marcos, Tex.	104,664	13	81,446	5	30,693	2
Jefferson Community Action Program, Inc./5098	Harahan, La.	153,763	6	322,644	12	837,705	23
Little Dixie Community Action Agency, Inc./5671	Hugo, Okla.	161	<1	1,093	<1	0	0
Mesa Vista Consolidated School District/0139	El Rito, N. Mex.	0	0	0	0	554,606	26
Mid-Delta Community Services, Inc./5099	Helena, Ark.	72	<1	118	<1	0	0
Neighbors in Need of Services, Inc./0385	San Benito, Tex.	29,204	1	0	0	42,039	1
Quad Area CAA/0402	Hammond, La.	4,518	1	4,125	1	100,507	20
Reeves County Community Council/5365	Pecos, Tex.	NA	NA	31,380 1	4	44,303	11
Regina Coeli Child Development Center/6007	Covington, La.	17	<1	0	0	0	0
Region XX Education Service Center/0389	San Antonio, Tex.	5,072	1	0	0	4,425	1
South Plains CAA/5487	Levelland, Tex.	0	0	0	0	0	0

(continued)

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
Stonewall Head Start Inc. At Trinity Lutheran Church/5673	Stonewall, Tex.	NA	NA	0	0	0	0
United Ministerial Alliance, Inc./0398	Winnsboro, La.	0	0	0	0	0	0
Wm. Smith, Sr. Tri County Development Council/0387	Bay City, Tex.	173	<1	176	<1	601	<1

NA - Information not available.

Table II.4: Region 8—Denver

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
Adams County Board of Commissioners/0008	Brighton, Colo.	$89,980	8	$131,157	9	$216,932	12
Akron United Methodist Church/0103	Akron, Colo.	NA	NA	115	<1	108,180	40
Alamosa Head Start/0006	Alamosa, Colo.	8,961	2	18,514	3	32,081	5
Bismarck Public School District/0038	Bismarck, N. Dak.	0	0	0	0	0	0
Child Opportunity Program, Inc./0013	Denver, Colo.	0	0	0	0	0	0
Child Start, Inc./0037	Missoula, Mont.	540	<1	21,113	2	12,766	1
Children Servies of Colorado/0095	Lakewood, Colo.	0	0	0	0	0	0
Community Action of Laramie County, Inc./0092	Cheyenne, Wyo.	68,565	13	120,543	17	370	<1
Newport Public School District #4/0046	Towner, N. Dak.	0	0	0	0	0	0
Opportunities, Inc./0032	Great Falls, Mont.	2,189	<1	0	0	0	0
Pueblo City Manager's Office/0024	Pueblo, Colo.	4,929	1	2,006	<1	7,843	1
Rocky Mountain Development Council/0035	Helena, Mont.	0	0	0	0	29,031	3
Salt Lake Community Action Program/0061	Salt Lake City, Utah	114,519	3	56,033	1	0	0
Thompson School District #25/0022	Loveland, Colo.	0	0	55,463	12	64,180	10

NA - Information not available.

Table II.5: Region 2—New York

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
Associated Beth Rivka Schools Head Start Division/0265	Brooklyn, N.Y.	$0	0	$0	0	$26,349	2
Atlantic Human Resources, Inc./0447	Atlantic City, N.J.	100,363	3	0	0	189,151	5
Committee for Economic Improvement of Essex County/2031	Keeseville, N.Y.	94	<1	2	<1	22	<1
Community Programs Center of Long Island/0245	Deer Park, N.Y.	15,136	3	3,228	<1	747	<1
Long Island Head Start Child Development Services, Inc./0271	Patchogue, N.Y.	365,996	6	316,145	5	1,184,503	15
Madison County Cooperative Extension/0242	Morrisville, N.Y.	1,214	<1	5,398	1	0	0
Mercer County Head Start Child Care Development Program/0243	Trenton, N.J.	98,245	7	130,547	11	140,755	11
Montclair Child Development Center, Inc./0274	Glen Ridge, N.J.	58,064	4	158,043	9	NA	NA
NYS Federation of Growers' & Processors' Association, Inc./0281	Schenectady, N.Y.	90	<1	0	0	0	0
New York Foundling Hospital/0256	New York, N.Y.	182,783	11	56,378	3	220,815	8
Oneida County Community Action Agency, Inc./1194	Rome, N.Y.	11,130	1	8,344	1	67,187	4
Passaic City Human Resources Department/0005	Passaic, N.J.	19,200	2	34,200	4	285,433	24
Ponce Municipality Head Start Program/0267	Municipality of Ponce, P.R.	1,285,794	28	1,280,942	22	1,423,631	20
Sullivan County Head Start, Inc./0279	Woodburne, N.Y.	36,192	4	0	0	0	0
Test City Child Care Center, Inc./Test City Head Start/1102	Bridgeton, N.J.	100,343	4	93,867	3	282,450	9
The City of New York Human Resources Administration, Agency for Child Development/1064	Brooklyn, N.Y.	8,661,954	12	6,807,434	9	8,513,058	9

(continued)

Grantee name and identifier number	Grantee city/state	Grantee budget year 1992		Grantee budget year 1993		Grantee budget year 1994	
		Unspent balance	Percent of award	Unspent balance	Percent of award	Unspent balance	Percent of award
Ulster County Community Action Committee, Inc./1108	Kingston, N.Y.	716	<1	177,699	15	152,388	11
United Talmudical Academy of Boro Park/0264	Brooklyn, N.Y.	0	0	0	0	0	0

NA - Information not available.

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